

Members

Sen. Edward Charbonneau, Chairperson
Sen. Luke Kenley
Sen. Ryan Mishler
Sen. Lindel Hume
Sen. Earline Rogers
Sen. Timothy Skinner
Rep. Terry Goodin, Vice-Chairperson
Rep. Phil GiaQuinta
Rep. Ed DeLaney
Rep. Thomas Dermody
Rep. Jeffrey Thompson
Rep. Milo Smith



INTERIM STUDY COMMITTEE ON SCHOOL FUNDING FORMULA

Legislative Services Agency
200 West Washington Street, Suite 301
Indianapolis, Indiana 46204-2789
Tel: (317) 233-0696 Fax: (317) 232-2554

LSA Staff:

Chuck Mayfield, Fiscal Analyst for the Committee
David Lusan, Fiscal Analyst for the Committee
George Angelone, Attorney for the Committee
Edward Gohmann, Attorney for the Committee

Authority: P.L. 182-2009(ss)

MEETING MINUTES¹

Meeting Date: October 19, 2010
Meeting Time: 1:30 P.M.
Meeting Place: State House, 200 W. Washington St.,
Room 404
Meeting City: Indianapolis, Indiana
Meeting Number: 3

Members Present: Sen. Edward Charbonneau, Chairperson; Sen. Luke Kenley; Sen. Ryan Mishler; Sen. Lindel Hume; Sen. Earline Rogers; Sen. Timothy Skinner; Rep. Phil GiaQuinta; Rep. Ed DeLaney; Rep. Thomas Dermody; Rep. Jeffrey Thompson; Rep. Milo Smith.

Members Absent: Rep. Terry Goodin, Vice-Chairperson.

Chairman Charbonneau called the meeting to order shortly after 1:30 P.M. He stated that the live video streaming of the Committee's second meeting had malfunctioned during that meeting. He noted that the testimony of Bill Riggs, Superintendent of the Mount Vernon Community School Corporation, Libby Cierzniak of Baker & Daniels and representing Indianapolis Public Schools (IPS), Gail Zeheralis of the Indiana State Teachers Association (ISTA), and Derek Redelman of the Indiana State Chamber of Commerce were not available in the video from the second meeting, but that their testimony was described in the meeting minutes.

Chairman Charbonneau then noted that in response to a request from Representative Milo Smith at the previous meeting, Dr. Tony Bennett, Indiana Superintendent of Public Instruction, had provided the Committee with information listing examples from around the state of school efficiencies and cost-cutting actions. (See Exhibit A.)

Chairman Charbonneau recognized Ed Gohmann, attorney for the Committee, and Chuck

¹ These minutes, exhibits, and other materials referenced in the minutes can be viewed electronically at <http://www.in.gov/legislative>. Hard copies can be obtained in the Legislative Information Center in Room 230 of the State House in Indianapolis, Indiana. Requests for hard copies may be mailed to the Legislative Information Center, Legislative Services Agency, West Washington Street, Indianapolis, IN 46204-2789. A fee of \$0.15 per page and mailing costs will be charged for hard copies.

Mayfield, fiscal analyst for the Committee. Mr. Gohmann briefly described the contents of the Committee's proposed final report. The adoption of the proposed final report was moved and seconded. The proposed final report was approved by a vote of 11 - 0.

There being no further business, Chairman Charbonneau adjourned the Committee.

Appendix A

School Efficiencies/Savings Examples

The following are Dr. Bennett's school efficiencies talking points from his September 29th testimony.

Five Schools Moved to State Health Insurance Plans

New Harmony Town and Township Consolidated Schools, **New Community School in Lafayette**, **Portage Township Schools**, **Joshua Academy in Evansville**, and **Charles A. Beard Memorial Schools in Knightstown**.

The state could realize at least \$450 million if K-12 and higher education employees switched to the state plan, according to a report by Mercer Health and Benefits.

Northwest

Penn-Harris-Madison accepting 100 paying students from outside the district to cover budget shortfalls. Superintendent Thacker is confident cuts can be made without laying off teachers. 98 accepted so far, expecting to charge \$790 in tuition for transfer students, board will vote on whether to allow children of employees who live outside the district to attend free of charge.

Plymouth teachers voted 85 to 29 to open their master contract and give back a 1% raise to save jobs. Saves \$89,000 in 2010 and \$108,000 in 2011.

Northeast

East Noble has made \$400,000 in budget reductions, including the elimination of eight non-certified employees, and is looking at cutting another \$600,000.

FWCS outsourced their custodial services to realize more than \$4 million in savings—around 80 teaching jobs.

Central

Muncie transferred expenses from general fund to other expense funds; shifted utilities paid for by general fund to capital projects fund (\$750,000 saved); cut out-of-town travel paid for by general fund (\$20,000 saved); avoided teacher layoffs through attrition (40 teachers retiring or resigning this year and 19 of those vacancies will not be filled. 36 non-certified staff members also retired and none of those positions are advertised to be filled. They are also considering more cuts from non-certified staff this summer.)

Noblesville Schools Superintendent Libbie Conner said closing the pool would save \$170,000 in energy costs, according to a news release on the district's Web site. Conner's recommendations are in three categories as outlined in the Citizens' Checklist. The total impact on the general fund is \$3,374,204.

Lebanon Community Schools Lebanon Community Schools Superintendent Robert Taylor looked for ways to deliver high-quality services in different, more cost-effective ways by consolidating programs wherever possible. In addition, the district's leadership took action to reduce utility costs and continues to examine the district's salary structure and benefits.

Southwest

Under Superintendent Vince Bertram, **Evansville Vanderburgh** schools are working on a plan to cut \$8 million — on top of nearly \$5 million the corporation cut before the state announced budget reductions. Among many creative measures, the district has sold and consolidated buildings and initiated a collaborative purchasing organization including all schools, city-county government and 73 community organizations to realize economies of scale and save money.

Southeast

Seymour teachers, administrators and classified employees did not receive a pay increase for the 2009-2010 school year. In June 2010 the board approved a memorandum of understanding with the Seymour Education Association, saving \$65,000 of SY 2010-11 expenses:

- o Not paying several positions, including: elementary sports coaches, middle school academic coaches, middle school band and choir directors, high school academic department chairs and other non-athletic supervisor positions

The following are examples that the Department of Education's communications staff has picked up on from news clips and kept record of them. DOE doesn't actually track what efficiencies schools have decided upon.

Bartholomew Schools

Superintendent John Quick and Bartholomew schools have used careful staffing examination as well as creative ideas to maintain an efficient, student-focused budget. The district has reduced and consolidated course offerings, provided a single health care plan for teachers, administrators and support staff, and aggressively pursued grant opportunities.

Center Grove

Reducing the number of school bus routes, cutting back on stops each bus makes and changing how drivers are paid, for a savings of \$28,000

Clark-Pleasant

Changing how bus drivers are paid:

- Previously, drivers were paid based on a four-hour minimum contract.
- Now, drivers are paid for the number of hours they work.
- New, multiple tier system – drivers cover more routes in a day.
- To save \$90,000

Concordia Lutheran

Offering summer school courses for \$275 (discounted from the \$600 a course would cost during the regular school year)

Courses are open to any public school student

East Noble

East Noble administrators and board members began more than a year ago making adjustments for declining revenues before Gov. Mitch Daniels in January ordered K-12 funding cuts that amounted to about 4.5 percent or \$1 million for East Noble.

Restructuring the corporation's schools last year, including the closing of LaOtto Elementary, saved East Noble about \$900,000.

Since the K-12 funding cut announcement, East Noble has made \$400,000 in budget reductions, including the elimination of eight non-certified employees, and is looking at cutting another \$600,000. Introducing a strict after hours energy conservation campaign and eliminating the pre-school special education program have been mentioned as cost saving measures.

Elkhart Community Schools

The Elkhart Community Schools board of trustees approved roughly \$1.8 million in recommended spending cuts Tuesday night.

The board unanimously passed recommendations made by Superintendent Mark Mow that include pay reductions for administrative and classified employees and a transfer from the district's rainy day fund. ECS has now cut \$3 million from general fund spending in less than two months and still needs to find at least another \$900,000 in savings.

The district is also looking to sell roughly 60 acres of property it owns in Cleveland Township. ECS purchased the land several years ago with plans to build another school. The board approved a recommendation by the administration to have two appraisers assess the property.

At the end of January the board approved \$1.2 million in cuts that included implementing a hiring freeze, shifting all utility expenses to the district's capital projects fund and a 5 percent cut in compensation for school board members.

The board also authorized Mow to reopen negotiations with the district's employee groups to investigate potential savings through salaries and fringe benefits. So far no action has been taken impacting ECS teachers' salaries, benefits or employment, and Mow is working with the Elkhart Teachers Association to find a way to cut a large chunk of the remaining \$900,000 deficit

- administrative pay cut (4%)

- classified employee pay cut (2.3%) achieved through 5 unpaid furlough days taken before 2011

- funds transfer (\$1 mil. from rainy day fund and \$1.3 mil. from transportation fund)

- reopening negotiations with district's employee groups

Evansville Vanderburgh Schools

Under Superintendent Vince Bertram, Evansville Vanderburgh schools are working on a plan to cut \$8 million — on top of nearly \$5 million the corporation cut before the state announced budget reductions. Among many creative measures, the district has sold and consolidated buildings and initiated a collaborative purchasing organization including all schools, city-county government and 73 community organizations to realize economies of scale and save money.

Fort Wayne Community Schools

School board is freezing administrator salaries this year and administrators will not receive salary step increases which are given to reward employees each year based on experience and education, saving \$260,000

Asking the superintendent to propose freezing teacher salaries

Outsourcing custodial services to Sodexo Management, saving the district \$4 million annually (TB released a supporting statement on this on June 11.) 96 of the district's previous 200-some custodians have been hired to work for Sodexo Management. 100 custodians applied.

Griffith Public Schools

Griffith Public Schools board members no longer receive a stipend for their service, and the school district will operate on a four-day work week during the summer in an effort to save on energy costs.

Hamilton Southeastern

Teachers at Hamilton Southeastern have reached a partial agreement with the School Board on their contracts. They negotiated a one-year contract with no pay raises for teachers in the 2010-2011 school year. Teachers who haven't reached the pay scale will get their step raises, however, which are based on years of experience. More than 100 teachers, or 10 percent of the teaching staff, won't receive any pay increase. The Hamilton Southeastern Education Association represents about 1,000 teachers and their agreement to forgo raises will help the district avoid cutting teaching positions.

The Hamilton Southeastern Education Association, which represents about 1,000 teachers in the district, has also agreed to suspend the school district's 1.5 percent contribution to the teachers' voluntary employees' beneficiary association for 2010-2011.

UPDATE: They did it without cutting teachers! See

<http://www.indystar.com/apps/pbcs.dll/article?AID=20103230322> and compare to Carmel.

Highland

Asks teachers to waive a 1.92 percent raise in salary this school year, saving \$192,000

Asks teachers with less than 16 years experience to waive a one percent retirement account contribution, saving \$99,000

Eliminating two administrative positions

Other administrators will take a 5 percent pay cut effective in March

Huntington School Corp

School board takes ten percent pay cut.

Indiana Online Academy (Virtual High School)

While many schools are discontinuing summer school, students can enroll here at no extra cost to taxpayers. The academy is adding classes, licensed teachers and offering 50 online summer school courses.

Kokomo Center Schools

The association (Cheryl Simmons president) ratified the contract and then the Kokomo-Center School Board approved it.

According to the terms of the contract, no employees will receive salary increases or incremental raises for 2010 to 2011. All employees also will pay more of their insurance premiums, and the corporation will open an employee health clinic by fall.

Superintendent Himsel said the contract also eliminates several extracurricular positions, for a savings of \$140,000. He said any sport with multiple assistant coaches lost at least one, and all Special Olympics coaches were eliminated. Himsel added that deletion was at the request of local Special Olympics coordinators, because their intent is that those coaches should be volunteers.

He said the new contract eliminates additional expenses on top of the more than \$3.7 million in state funding cuts. Without this, the corporation would have \$750,000 in expenses on top of that reduction, he said.

Lafayette School Corporation

Board voted to move \$249,700 from its capital projects fund to its general fund, the account that pays for most operating costs and salaries.

Lebanon Community Schools

Lebanon Community Schools Superintendent Robert Taylor looked for ways to deliver high-quality services in different, more cost-effective ways by consolidating programs wherever possible. In addition, the district's leadership took action to reduce utility costs and continues to examine the district's salary structure and benefits.

Monroe County Community School Corporation

Proceeds from air balloon rides at the Monroe County fair (\$15 per person) will benefit the Foundation of Monroe County Community Schools' "All for All" campaign to restore \$750,000 in extracurricular stipends eliminated from the 2010-11 budget.

Muncie

Transferring expenses from general fund to other expense funds

-Shifting utilities paid for by general fund to capital projects fund (\$750,000 saved)

-Cut out-of-town travel paid for by general fund (\$20,000 saved)

-Avoided teacher layoffs through attrition (40 teachers retiring or resigning this year and 19 of those vacancies will not be filled. 36 non-certified staff members also retired and none of those positions are advertised to be filled. They are also considering more cuts from non-certified staff this summer.)

MSD Lawrence Township

Applied for and received \$11.8 million in 3-yr federal magnet school grant funding aimed at increasing public school choices for parents and helping districts attract a diverse student group.

They redesigned each of their 11 elem. schools as magnet schools in areas like Spanish immersion, the arts, communication and international studies.

MSD Warren County

Joining a wind farm (Performance Park) in Tippecanoe County, will bring in \$3 million to \$6 million over the 25-year lifespan of a turbine

The district's annual general fund budget is \$7 million.

Performance Park will be operational by 2012 and will include 20 two-megawatt wind turbines that are funded and built on behalf of schools or universities in Indiana, which capture the profits.

New Community School – charter in Lafayette

Joining state health insurance plan

New Harmony Town and Township Consolidated Schools

Joining state health insurance plan

New Palestine

Dean of students Miles Hercamp will double as an administrator and athletic director (AD Mike Huey retires in June)...will account for \$102,000 of the \$1.4M general fund budget reductions

Cutting 50 percent of the money allocated for coaching stipends

Noblesville

Closing the swimming pool at Noblesville [High School's](#) Freshman Campus and eliminating Noblesville Middle School swimming are among \$3.4 million in budget cuts to be discussed at the Noblesville School Board meeting on March 16.

Noblesville Schools Superintendent Libbie Conner said closing the pool would save \$170,000 in energy costs, according to a news release on the district's Web site.

Conner's recommendations are in three categories as outlined in the Citizens' Checklist. The total impact on the general fund is \$3,374,204.

Category 1 - Monetary - \$1,925,000

Reduce health insurance costs, district's insurance contributions, salary freezes

Category 2 - Program Adjustments - \$613,650

Adjust schedules, eliminate unnecessary or redundant program offerings, reduce extracurricular activities, reduce transportation costs for teams, increase revenue generated through sporting events

Category 3 - Non-Instructional - \$807,674

Making budget adjustments, negotiate, freeze field trips

Noblesville Schools' reductions started in 2009, when \$2.1 million was cut from expenses. That round of cuts included 13 teachers, two Central Office administrators, and support staff. Energy use was curtailed, and the allowance for supplies and travel was reduced.

Northwest Allen Schools

School board cut administrator salaries by three percent

Eliminated raises for employees other than teachers and administrators

Penn-Harris-Madison

Considering accepting 100 paying students from outside the district to cover budget shortfalls.

Superintendent Thacker is confident cuts can be made without laying off teachers.

*Update June 29: 114 transfer applications have come in, 98 accepted so far, expecting to charge \$790 in tuition for transfer students, board will vote on whether to allow children of employees who live outside the district to attend free of charge

Also considering a wind turbine project on school property to save on energy costs.

Plymouth teachers give back raises

Trying to reduce the impact \$1 million in state budget cuts will have on school services, Plymouth teachers voted 85 to 29 to open their master contract and give back a 1 percent pay raise.

"I have not run across another teacher's association who has taken this action for the good of their peers," Superintendent Dan Tyree said.

Rescinding their raise is expected to save \$89,000 in 2010 and \$108,000 in 2011.

Portage Township Schools

Joined state's health insurance plan and saved \$1 million

School Town of Munster

Union members relinquish 3% raise, pay more for insurance to avert layoffs.

Teachers agreed to 10 percent cut on extracurricular stipends coaches receive

Seymour Community Schools (+)

Teachers, administrators and classified employees will not receive a pay increase for the just-completed 2009-2010 school year.

In June 2010 the board approved a memorandum of understanding with the Seymour Education Association (SEA), saving \$65,000 of SY 2010-11 expenses:

-Not paying several positions, including: elementary sports coaches, middle school academic coaches, middle school band and choir directors, high school academic department chairs and other non-athletic supervisor positions

-A sixth grade half-time health teacher moved to a half-time p.e. teaching position

Southeastern School Corporation

Teachers & unions agreed to a two year freeze on pay raises

<http://pharostribune.com/local/x712218548/Teachers-agree-to-pay-freeze>

Taylor Community Schools

Superintendent Magers said the school system will begin considering reductions in non-certified personnel; replace necessary positions with less costly personnel or modifying the position to lessen the cost; pooling services; purchasing with other school districts; freezing spending levels on supplies at 2009 levels and monitor staff development and travel.

Concerning the reduction of teaching positions, prior to the address Magers said there is a proposal to offer teacher's \$5,100 per year for up to five years of service. He said that is in the contract currently being negotiated with the union.

"The overall goal is to take action that will keep the district in good financial health and at the same time increase student performance," Magers said.

Tippecanoe School Corporation (+)

Approved spending the entire balance of its rainy day fund (about \$1.9 million)

About \$600,000 will pay summer school teacher salaries

\$15,000 will pay for special education summer school teachers

The rest, \$1.2 million, will cover general fund expenses other than salaries. It could cover insurance payments, retirement payments or other costs that would have come from the general fund.

Tippecanoe's CFO will wait to determine whether the money needs to be spent this year or saved for 2011.

Any money that is approved to be spent, but isn't spent by December returns to the rainy day fund.

Tippecanoe Valley School Corporation

School board approved a 1 percent salary reduction for all 10 of its administrators, resulting in \$7,610 in savings

Eliminated curriculum coordinator position

Reduced Dr. Daniel Kramer's assistant superintendent position from full-time to part-time

Total savings are nearly \$108,000

Froze salaries of classified staff (custodial staff, secretaries/treasurers, school nurses, special needs personnel, instructional assistants, maintenance personnel, technology staff, cafeteria staff and transportation personnel)

Tri-Creek School Corporation

Their school board will begin paperless board meetings, providing agendas, documentation, claims and other information in electronic form to board members.

Vigo County School Corporation

Danny Tanoos isn't taking a raise. He's one of about 20 administrators in the Central office who will not be taking a 1.6 percent pay increase they were due in 2011. Other cost cutting moves include turning off some of the lights and cutting back on some assistant principal positions.

Tanoos is hoping for 60 teachers and a handful of higher-paid administrators to take advantage of a buy-out with a targeted goal of \$1million in savings. The rest of the cuts will be made by dipping into a savings fund.

Wa-Nee Schools

The school board voted for a 2 percent cut in salary for board members and administrators that will save the district \$13,900.

The second phase of cuts is likely to have a similar reduction for all classified workers — anyone without a teaching license. School officials have asked teachers to open contract negotiations to discuss cuts in their salaries. Sabo said he received a letter last month from the teachers union stating teachers preferred to wait to see what the Indiana General Assembly was going to do in its latest session before sitting down to talk.

Wayne Township (+)

Changed an administrative position to a non-administrative role when hiring the new employee to save on salary pay

All administrators' pay will be frozen and the district is eliminating one assistant superintendent position (\$100,000 saved)

Reducing printing costs (\$500,000 less now and \$1 mil. less over the next 18 mos.)

Re-adoption of current math textbooks (\$300,000 saved)

New work schedule of four, 10-hour days in the summer (\$75,000 saved)

Westfield-Washington Schools

Teachers will forgo pay raises for the 2010-2011 school year